



Bill Leighty, Chairman

Introduction:

During these challenging economic times many Virginians and small businesses are taking a second look at their basic expenses reduce costs and improve efficiencies. Government should do the same, so at the recommendation of the Commission on Government Reform and Restructuring the Governor formed this task force to conduct such a review. Each “team” will address a specific area of costs related to the operation of Virginia government. Your task is to look at the area you have agreed to serve on with that context in mind. The specific areas chosen have been established to mirror the basic operations of a family or business. Phones, electricity and water would be examples. Each group has the latitude to modify your original charge, but please keep the above context in mind.

In conducting your reviews be mindful that the state agencies and personnel responsible for many of these areas have, in all probability, already undertaken some cost cutting measure and implemented best practices. If in the conduct of your analysis you find that to be the case, then turn your efforts toward fine-tuning those proposals or alternatively helping the agency or individual to better tell the story of accomplishment. Their success may also apply to other agencies or local government. The goal is to find savings and demonstrate to taxpayers that Virginia is running as efficiently as possible. Especially during tough economic times, government must minimize operational costs just like families and businesses.

The Charge:

Each team is made up of a “State Sponsor,” an “Industry Leader” and a “Local Government Leader” to lead the effort. The state sponsor will ultimately be responsible to the Governor for the product. The industry leader is to add support and expertise regarding what the private sector is doing in the particular area under review. The local government leader is also on board to assist in transferring best practices to and from localities and help increase the communication with local governments under this review. The “Agency Staff” is an integral part of the team and will provide the necessary staff resources to conduct the reviews.

The teams will deliver a report to the Chairman by November 12th, 2010.

Suggested Work Plan:

There are four goals that your team should achieve:

- 1) Determine total spend at the state level for your area,
- 2) Suggest a set of “best practices” to employ to reduce costs (consumption, price or both),
- 3) Recommend a reasonable level of consumption, price or both that could be achieved if the best practices you recommend were to be implemented,
- 4) Recommend a reasonable level of cost savings that could be achieved.

Special Note: Keep it simple. This process is intended to be a review, not a study. If in the course of your review you find further review is warranted then say so in your report. Do not over analyze to the point of paralysis.

Determining Total Spend

Have your agency assigned staff work with the Office of the Comptroller determine an estimate of total spend for your area. Be as specific and granular as possible when requesting information. For example, in energy you may wish to break it down into: Electricity, Gas, Natural Gas, etc. For travel you may wish to break it down into operational travel (necessary to conduct business) and convention or educational travel.

A word of caution is warranted here. The Commonwealth’s accounting system was not designed to support the level of detail you may wish to review, so keep that in mind and accept estimates if you must. The leadership of the team (state, industry and local government) should determine the areas of coverage and the definitions of what areas you will review. A separate meeting will be held with the Office of the Comptroller once these have been determined so that we can coordinate our work and minimize the effort of the Comptroller. Contact the Chairman if you have any questions or concerns about your scope of work.

Determining Best Practices:

Once you have arrived at a definition of your coverage, then utilize your expertise to develop a list of best practices that can be employed to manage these costs. A literature review would be helpful at this point. It is vital at this stage that you have interaction with the state agencies to also determine to the degree that they may or may not already be employing any of the best practices you suggest. In each area there will undoubtedly be a single, or perhaps multiple agencies that are leaders in the field you are reviewing. Call upon them to support you and if time permits have presentations from them.

This task will be successfully concluded if you can establish a set of alternative best practices for consideration by government. Of particular importance is developing best practices that can be shared or leveraged between state and local government to reduce costs and improve efficiencies.

Determining Consumption or Price Reductions:

Based upon the usage of the best practices you have identified, determine the possible consumption (usage) or price reductions that can reasonably be achieved. A differentiation is made here between usage, price and costs (next step). You may be able, for example to achieve price reductions by buying in bulk. You may be able to achieve consumption reductions by employing best practices. Please use your expertise to determine what a reasonable target would be for the Commonwealth.

Determining Potential Cost Savings:

Because of the relationship between price and consumption, another step is necessary. Costs may not necessarily decrease if consumption is going down while prices increase. Energy is a very good example. Agencies and local governments may already be managing consumption of energy but if prices rise then total costs could increase as well. Please provide a reasonable estimate of the costs (and hopefully cost savings) that could be achieved if the best practices you have identified are employed.

Summary:

The goal of the Operational Review Task Force is to find cost savings and to assure the taxpayers that the Commonwealth is doing everything in its power to reduce its costs, just as they are. Your expertise and commitment are key to establishing well vetted and solid reviews.

If you have any questions or concerns about your role or this process do not hesitate to contact:

Operational Review Task Force Chairman	Operational Review Task Force Staff
The Honorable William H. Leighty whleighty@vcu.edu (804) 393-9401 cell	Andrew Lamar, Governor's Policy Office Andrew.Lamar@governor.virginia.gov (804) 363-8262 cell

Operational Review Roster

Operational Review of the Commonwealth's Usage of Energy

- State Sponsor: Department of Mines, Minerals and Energy
- Industry: Michael T. Hubbard, Manager (Energy Conservation), Dominion Virginia Power
- Local Government: John Morrill, Energy Manager, Arlington County
- Agency Staff: Southwest Virginia Higher Education Center

Operational Review of the Commonwealth's Usage of Water

- State Sponsor & Agency Staff: Department of Environmental Quality
- Industry: William R. Walsh, President, Virginia American Water and Maryland American Water
- Local Government: Bob Steidel, Interim Director of Public Utilities, City of Richmond

Operational Review of the Commonwealth's Waste Management

- State Sponsor: Department of Conservation & Recreation
- Industry: Doug Whitehead, Director of Operations (Virginia/Maryland/Delaware), Waste Management, Inc
- Local Government: John F. Miniclier, Jr. , County Administrator, Charles City County
- Agency Staff: Department of Environmental Quality

Operational Review of the Commonwealth's Usage of Phones and Data

- State Sponsor & Agency Staff: Virginia Information Technologies Agency
- Industry: John Herrmann, Solutions Architect with Verizon Business, serving Government and Education
- Local Government: Michael J. Culp, IT Director, Albemarle County

Operational Review of the Commonwealth's Usage of Printers, Copiers and Fax Machines

- State Sponsor: Virginia Employment Commission
- Industry: Keith Wine, Client Executive and Senior Vice President for Virginia, Affiliated Computer Services, Inc., a Xerox Company
- Local Government: John Kandris, IT Director, Virginia Association of Counties
- Agency Staff: Virginia Information Technologies Agency

Operational Review of the Commonwealth's Asset Inventory & Management

- State Sponsor & Agency Staff: Department of Accounts
- Industry: Andrew Harmond, Virginia Public Sector Client Manager, IBM
- Local Government: Regina V. K. Williams, Manager, City of Norfolk

Operational Review of the Commonwealth's Travel

- State Sponsor: Virginia Department of Human Resource Management
- Industry: Joseph S. Testa, Vice President of State Government Affairs, American Express Company
- Local Government: George Hrichak, Fleet Manager, City of Chesapeake
- Agency Staff: Virginia Dept of Behavioral Health and Developmental Services

Operational Review of the Commonwealth's Fleet Management

- State Sponsor: Department of General Services
- Industry: Michael E. Wright, Group Manager, Enterprise Fleet Management
- Local Government: Paul N. Proto, Director of General Services, Henrico County
- Agency Staff: Department of the Treasury

Operational Review of the Commonwealth's Usage of Banking Services

- State Sponsor: Office of the Secretary of Finance
- Industry: Vanessa Hampton, Vice President, BB&T
- Local Government: Dean Lynch, Director of Intergovernmental Affairs, Virginia Association of Counties
- Agency Staff: Department of the Treasury

Operational Review of the Commonwealth's Accounts Receivable

- State Sponsor: Department of Accounts
- Industry: Gena Wade, Vice President, Public Sector (U.S. Central and South), CGI
- Industry: Mike London, Vice President of Consulting, CGI
- Local Government: Molly Ward, Mayor, City of Hampton
- Agency Staff: Office of the Attorney General

Operational Review of the Commonwealth's Surplus Property

- State Sponsor: Department of General Services
- Industry: Gordon Hendry , First Vice President (Public Institutions and Education), CB Richard Ellis
- Industry: Michael E. Thomas, Senior Vice President of Grassroots Issue Management, McGuireWoods Consulting
- Local Government: James D. Campbell, Executive Director, Virginia Association of Counties

Operational Review of the Commonwealth's Insurance (Health & Risk Management)

- State Sponsor: Virginia Department of Human Resource Management
- Industry: Scott J. McKay, CIO and Senior Vice President (Technology and Operations), Genworth Financial
- Local Government: Greg Dickie, Director of Membership Services, Virginia Municipal League, Insurance Programs
- Local Government: Christopher J. Carey, Director, Virginia Association of Counties Risk Management Programs, Inc.